

Minutes of the
Board of Water and Natural Resources
Telephone Conference Call Meeting
523 East Capitol
Pierre, South Dakota

May 12, 2008
10:00 a.m. CDT

CALL TO ORDER: The meeting was called to order by Chairman Brad Johnson. A quorum of the board members participated.

BOARD MEMBERS: Brad Johnson, John Loucks, Kelly Wheeler, Gene Jones, Dale Kennedy, and Don Rounds.

BOARD MEMBER ABSENT: Don Bollweg.

OTHERS: Jim Feeney, Elayne Lande, David Ryan, and Mike Perkovich, Department of Environment and Natural Resources.

APPROVE AGENDA: Chairman Johnson approved the agenda.

AUTHORIZE BID SPECIFICATIONS FOR A GUARANTEED INVESTMENT CONTRACT (GIC), AUTHORIZE BOARD OFFICER TO ACCEPT BIDS AND EXECUTE THE GIC, AND AUTHORIZE BOARD OFFICER TO REQUEST THE REMARKETING AGENT DESIGNATE A SUBSTITUTE ADJUSTMENT DATE: Jim Feeney reported that staff recently engaged PFM Asset Management to explore investment strategies for the \$39.5 million of Series 2008 Bond Issue proceeds. At the time of the bond sale, it was expected that the Goldman Sachs Treasury Obligation Fund available through the First National Bank in Sioux Falls would provide a yield close to that of the 2008 Issue initial interest rate of 2.35 percent. Due to current market conditions, the Goldman Sachs fund yield has taken a significant downturn. The yield for the week ending May 9th was 1.78 percent, and the daily rate had fallen as low as 0.37 percent at one point. It is the recommendation of PFM Asset Management to seek bidders for a Guaranteed Investment Contract (GIC) with a floating interest rate tied to LIBOR or the London Inter-bank Offered Rate. PFM indicates that recent bids have remained relatively constant at LIBOR to LIBOR-10 basis points. Since the beginning of the year, the one-month LIBOR has averaged 3.51%. The one-month LIBOR as of May 2, 2008 was 2.70%.

In addition to the Series 2008 Bond Issue proceeds, other funds totaling approximately \$13.6 million have been identified to be invested in the GIC. These funds include the Series 2004 and 2005 bond proceeds in the Clean Water SRF and Drinking Water SRF State Match and Leveraged Loan Sub-accounts, the Series 1998 Drinking Water SRF Restricted Principal Repayments and Unrestricted Interest Repayments Sub-accounts, and Clean Water SRF and Drinking Water SRF Administrative Surcharge Accounts.

The Series 2008 Bond Issue is a variable rate bond that was initially set with a six-month interest rate mode. After August 1, 2008, the interest rate mode can be reset from time to time when it is determined that a switch appears to be necessary or appropriate in view of present market conditions. The documents were silent on the role of the Board of Water and Natural Resources in resetting the interest rate mode.

Mr. Feeney answered questions from the board and recommended approval.

Motion by Loucks, seconded by Jones, to adopt Resolution #2008-44 authorizing the circulation of bid specifications for the purpose of entering into a Guaranteed Investment Contract with an interest rate floating to LIBOR, and authorizing the Board Chairman or Secretary to request the remarketing agent to reset the interest rate mode on the Series 2008 Bonds. A roll call vote was taken, and the motion carried unanimously.

SOLID WASTE MANAGEMENT PROGRAM GRANT AMENDMENTS: David Ryan reported that ARSD 74:05:10:25 provides that a grant recipient may obtain an extension of up to one year after demonstrating to the board that a diligent effort to develop the proposal has been made and that progress is being made on the proposal.

Mr. Ryan noted that the cities of Lemmon and Vermillion requested time extensions to their grants.

The city of Lemmon received a \$62,500 Solid Waste Management Program grant on June 23, 2006 for the construction of a solid waste transfer station. The current restricted site is used as a transfer station with the solid waste being transported to the Northwest District Regional Landfill. The existing transfer site has blowing litter and cleanup issues that must be addressed to maintain compliance with its current permit.

The city has hired a consultant and continues to develop a cost-effective overall design for the transfer station. The city has requested a one-year time extension.

Staff recommended approval of a one-year time extension contingent upon the city complying with all existing solid waste permit conditions before grant funding may be provided to the project.

Motion by Rounds, seconded by Kennedy, to adopt Resolution #2008-45 approving Amendment #1 to Solid Waste Management Program Funding agreement #2007G-SW-201 with the city of Lemmon extending the grant termination date from June 23, 2008 to June 23, 2009. A roll call vote was taken, and the motion carried unanimously.

The city of Vermillion received a \$125,000 Solid Waste Management Program grant on June 23, 2006 for the construction of landfill Trench IV and closure of Trench I.

During the last two years the city has completed the construction of Trench IV and is now in the process of closing Trench I. The closure of Trench I has been slowed down because of an alternative landfill closure design at the request of DENR regulatory staff, and has required a

great deal more engineering time to provide a workable model for the landfill. The new design required a landfill permit amendment approval process, which has now been completed.

The city requested a one-year grant extension.

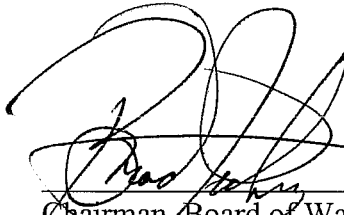
Staff recommended approval of the one-year time extension.

Motion by Kennedy, seconded by Wheeler, to adopt Resolution #2008-46 approving Amendment #1 to Solid Waste Management Program Funding agreement #2007G-SW-204 with the city of Vermillion extending the grant termination date from June 23, 2008 to June 23, 2009. A roll call vote was taken, and the motion carried unanimously.

ADJOURN: Motion by Jones, seconded by Wheeler, that the meeting be adjourned. Motion carried.


Approved this 26th day of June, 2008.

(SEAL)



Chairman, Board of Water
and Natural Resources

ATTEST:



Secretary, Board of Water
and Natural Resources